



DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
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WASHINGTON, D.C. 20350-1000

SECNAVINST 7000.27
ASN(FM&C): FMB-5
8 April 2002

SECNAV INSTRUCTION 7000.27

From: Secretary of the Navy
To: All Ships and Stations

Subj: COMPTROLLER ORGANIZATIONS

Ref: (a) 31 U.S.Code (U.S.C.) Section 1514
(b) 10 U.S.C. Section 5016
(c) 10 U.S.C. Section 5025
(d) SECNAVINST 5430.7M
(e) SECNAVINST 5430.99
(f) SECNAVINST 5200.35D
(g) DoD Directive 7000.14-R
(h) SECNAVINST 12400.5C

Encl: (1) Comptroller Organization Submission Guidance

1. Purpose. To ensure that the Department of the Navy (DON) has a financial management organization capable of proper and effective administration of funds complying with applicable laws, regulations, policies, procedures and sound financial practices by providing guidance for establishment, periodic review and approval of comptroller organizations in the DON. This instruction is applicable to all Navy and Marine Corps organizations.

2. Cancellation. SECNAVINST 5292.1A, NAVCOMPINST 5292.1, and NAVCOMPT Manual Volume 1. Information previously contained in NAVCOMPT Manual Volume 1 also has been incorporated into Navy ~~Aviation~~ Supply Office P1000 Financial Management Policy Manual.

3. Background. Reference (a) requires executive agencies to have a system of administrative controls on the obligations and expenditures from each appropriation. By references (b), (c), (d), and (e), the Assistant Secretary of the Navy (Financial Management and Comptroller) (ASN (FM&C)) is the Secretary's principal financial advisor, and is responsible for all matters relating to financial management in the DON and for the allocation of all appropriations and funds available to the DON.

4. Policy

a. The commanding officer or head of an activity that receives allocations or suballocations of funds subject to the Antideficiency Act (31 U.S.C. Section 1341 or 31 U.S.C. Section 1517) shall have a qualified comptroller who reports directly to the commanding officer.

b. The commanding officer or head of an activity is responsible for establishing and maintaining internal control systems to ensure that:

(1) All available funds are identified, controlled, and recorded in the official accounting records from the time received until subdivided to others or obligated and expended.

(2) All available funds are identified with authorized purposes by account and period of availability for new obligations and the period of availability for expenditures.

(3) All special and recurring provisions and limitations on the obligation and expenditure of funds are identified and documented for all available funds and accounts.

(4) All proposed obligations of funds are reviewed to ensure that sufficient funds are available to cover the obligations, that the purpose of the obligations is consistent with the authorized purposes of the funds or accounts, and that the obligation does not violate any special or recurring provisions and limitations on the incurrence of obligations.

(5) These internal control requirements apply to all appropriations and funds provided to the command by apportionments, allocations, allotments, reimbursable orders or other means. Reference (f) provides additional guidance.

c. The comptroller shall ensure that the requirements of reference (g) are met and have overall responsibility for budget formulation, budget execution, financial management, managerial accounting program analysis, and performance measurement. This includes the following:

(1) Prompt recording of authorizations, commitments, and obligations in budgetary accounts.

(2) Prompt recording of assets, liabilities, and expenses in proprietary accounts.

(3) Monitoring the processes of prevalidation and certification of payments.

(4) Matching disbursements to obligations and accounts payable.

(5) Issuing and accepting funding documents which obligate direct appropriations, working capital or customer funds.

(6) Timely billing of costs incurred against funding documents and the prompt matching of collections associated with those billings.

(7) Certifying completeness and accuracy of those transactions included in financial statements and reports prepared by the Defense Finance and Accounting Service on behalf of the activity.

d. Within an established internal control system, non-comptroller personnel may be authorized to issue funding documents for travel, training, supplies and purchase card items. Delegation of authority to issue funding documents must be made in writing by the Commanding Officer or head of the activity.

e. Comptrollers shall evaluate the performance of comptrollers at all subordinate activities to which they allocate funds. This includes ensuring that comptroller organizations are properly established and that comptroller personnel are trained to fulfill their responsibilities.

f. Any military member or civilian employee who fails to act when required, or who acts improperly may be found to be responsible for a violation of the Antideficiency Act.

g. Delegation of fiduciary authority

(1) Responsibility of Allocation Holders. The Service Chiefs and heads of major commands, offices, or bureaus, who receive an allocation from ASN (FM&C), or the Chief of Naval Research (CNR) may elect to pass to the organizational comptroller all financial responsibility under 31 U.S.C Section 1517. If the head of the command or organization chooses to delegate this authority, he or she shall designate in writing the individual to whom this authority is granted, the appropriation accounts involved, and the specific responsibility and authority delegated.

(2) Responsibility of Commanding Officers. The commanding officer of an activity that receives a suballocation of funds from a Navy or Marine Corps organization is responsible under 31 U.S.C Section 1517 for the administration of all authorizations of funds granted to the commanding officer. This responsibility cannot be delegated, in whole or part, within his or her command.

h. Organizational Placement. The comptroller and his or her staff will be clearly identified on activity organizational charts and in billet or position descriptions. The comptroller may be assigned to either a staff code or a line department. The comptroller and staff will report directly to the head of the activity (e.g., commander, commanding general, commanding officer, superintendent, or director), since the head of the activity is ultimately responsible for proper execution of funds. Comptrollers may report via vice commanders, deputies, chiefs of staff, executive officers, or similar positions, for administrative purposes, if all other command organizations report through that position. However, the comptroller must have direct, unfettered access to the head of the activity for financial matters. All fiduciary decisions must be made with full command authority. Practices regarding placement of comptroller functions, for example, subordinating the comptroller to a business or corporate operations manager, which may be acceptable in the private sector, are not applicable to the DON and are prohibited. While the industry model may function effectively for businesses, our comptrollers have broader responsibilities, many of which are prescribed by statute or regulation, than their counterparts in industry.

i. Organizational Responsibilities. Responsibility for overall financial management assigned to the comptroller must be clearly defined, without overlap into other organizational entities. Beyond his or her value as a prudent manager of resources and as a key advisor, one of the most critical roles a comptroller can perform for the commander is to guard against inadvertent or deliberate violations of statute or regulation. Only commanding officers and comptrollers are authorized to issue and accept funding documents. Contracting officials, public works officers, and other program managers may recommend acceptance of funding documents and may prepare funding documents, but only comptrollers or commanding officers are authorized to issue or accept funding documents. Non-comptroller personnel may be authorized to issue routine, small dollar value, obligating documents, such as travel orders, requests for training, or supplies and purchases made via government purchase card, if the delegation to sign these documents is made within an established system of management controls, the delegation is made

to named individuals in writing, and adequate training is provided and documented.

j. Comptroller Qualifications. The complex and enduring nature of comptroller functions requires the military member or civilian employee placed in these positions to have broad expertise in both financial and general management. He or she should have keen analytical skills, be capable of making discriminating judgments, and be able to express conclusions and recommendations concisely and effectively. Comptrollers must ensure that their organizations are staffed with qualified personnel with knowledge and experience in budgeting, finance, program analysis, and accounting matters to effectively address issues that may arise.

k. Assignment of Other Responsibilities. Other functions may be assigned to the comptroller organization. These functions may include the internal management control program, external audit coordination, administration, contracting, facilities management, etc. If additional functions are assigned to the comptroller, care needs to be taken to avoid potential conflicts of interest to ensure proper separation of duties, and to ensure adequate staff time is available for the comptroller's primary responsibility to the head of the activity for financial management expertise. In cases where the department includes non-comptroller functions, the comptroller must be the department head.

l. Adequate Staffing. The comptroller staff must have the realistic capability of exercising its responsibilities/authority in the areas under the comptroller's purview. In addition to having adequate numbers of personnel assigned, this also applies to the need to recruit and retain capable, trained, and experienced staff members.

m. Training and Development. The DON civilian and military financial management workforce must continuously improve its knowledge, skills, and abilities to support mission accomplishment. Career development in the DON requires both individual initiative in career planning activities and organizational commitment to support workforce development. Reference (f) provides details of the DON Civilian Financial Management Career Program. The competencies delineated and many of the training opportunities discussed in reference (f) are also applicable to military personnel.

n. Military Comptrollers. Certain key comptroller positions in the DON are designated to be filled by Navy and Marine Corps

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officers. Chief of Naval Operations (N82) is the Subspecialty Sponsor for Navy personnel designated with a financial management subspecialty. Commandant of the Marine Corps (P&R) is the Subject Matter Expert (SME) for the financial management Military Occupation Skill (MOS) for Marine Corps personnel. No changes affecting military billets designated for financial management (e.g., civilian substitution, billet recoding, billet deletion, etc.) may be made without prior approval from these offices. The military comptroller position for the Naval Sea Systems Command (NAVSEASYSKOM), the Naval Air Systems Command (NAVAIRSYSKOM), the Space and Naval Warfare Systems Command (SPAWARSYSKOM), the Fleet Commanders in Chief (CINCs), and the naval shipyards will be designated for an officer of the line. However, these positions may be filled with qualified officers from other communities when qualified officers are not available for assignment from within the line officer community.

o. Financial Management Support for Program Executive Officers. The Program Executive Officers (PEOs)/Direct Reporting Program Managers (DRPMs) have authority and are responsible for designated major acquisition programs. The PEO/DRPM reports directly to the Component Acquisition Executive (CAE), the Assistant Secretary of the Navy (Research, Development, and Acquisition) (ASN(RDA)). Normally, program managers report to a PEO but some large, complex or critical programs are managed by DRPMs.

(1) Financial Management Support for PEOs. Funds are administered on behalf of the PEOs under memoranda of understanding with a specific systems commands, by the comptroller of that command. Command comptrollers are responsible for providing advice and support during budget formulation and budget execution. Responsibility for complying with 31 U.S.C. 1517 is held by the designated commander/comptroller.

(2) Dual reporting chains for selected activities. The comptrollers of commands and organizations responsible for providing financial management support for PEOs or DRPMs are required to report for additional duty to the ASN(FM&C). The purpose of this dual reporting requirement is to establish financial execution review and oversight of major programs so that senior management is aware of emerging issues or problems that are of sufficient significance to warrant action external to the individual command or office. The information to be provided will be specified by ASN (FM&C). Comptrollers assigned to the following commands and organizations are required to report for additional duty to ASN(FM&C):

Naval Air Systems Command
Space and Naval Warfare Systems Command
Naval Facilities Engineering Command
Naval Supply Systems Command
Naval Sea Systems Command
Office of the Chief of Naval Research
DRPM Strategic Systems Programs
DRPM Advanced Amphibious Assault Program

Manpower documents, change of duty orders for military officers ordered to these positions, and civilian position descriptions must reflect these dual reporting responsibilities.

(3) Business Financial Managers. Business financial managers are financial management personnel who are assigned to major acquisition projects, PEOs, and DRPMs. Unlike comptroller positions, these positions are covered under the Defense Acquisition Workforce Improvement Act (DAWIA). The Principal Deputy ASN(FM&C) is the chair of the Career Management Board for Business, Cost Estimating, and Financial Management. The Board is responsible for recommending mandatory education, experience, and training requirements for these positions, as well as evaluating the effectiveness and applicability of certification requirements in improving the quality of these career fields.

5. Responsibilities

a. ASN(FM&C) will approve comptroller organizations for Navy and Marine Corps commands designated as major claimants and budget submitting offices.

b. The major claimants and budget submitting offices are authorized to approve comptroller organizations at subordinate activities to which they provide allocations or suballocations of funds subject to the Antideficiency Act. These commands and organizations will ensure their respective comptroller organizations are established or revised to comply with this instruction. These commands and organizations are also responsible for ensuring that comptrollers designated in paragraph 4o(2), report for additional duty to the ASN (FM&C).

c. The organizational placement and adequacy of comptroller organizations, including the adequacy of financial management and comptroller training, should be reviewed during command inspections.

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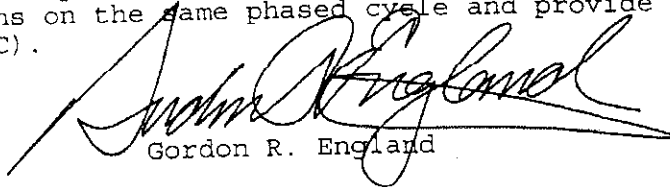
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6. Action

a. Reviewing Authorities. The major claimants and budget submitting offices will utilize the documentation submitted under enclosure (1) to review and approve comptroller organizations. Reviewing authorities will formally notify each command in writing via the chain of command of approval or disapproval of the proposed organization. When disapproving an organization's proposed alignment or realignment, the reviewing authority will provide the basis for the disapproval and required corrective action.

b. Commands and Activities. Each DON command or activity with a requirement for a comptroller will apply the standards provided in enclosure (1) in developing new or revising existing comptroller organizations. The documentation specified in enclosure (1) will be submitted for approval via the chain of command.

c. Periodic Reviews. ASN (FM&C) will review comptroller organizations on a phased basis such that all are reviewed at least once every five years beginning with the comprehensive review of DON comptroller organizations completed in Fiscal Year 2001. Other organizations authorized to approve comptroller organizations will conduct periodic reviews of their subordinate comptroller organizations on the same phased cycle and provide the results to ASN (FM&C).



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COMPTROLLER ORGANIZATION SUBMISSION GUIDANCE

When establishing or revising a comptroller organization at any level, the command is responsible for preparing documentation describing that organization in detail for the reviewing authority. The documentation includes the following:

1. Command and Staff Organization Chart. Show the placement of the Comptroller and his or her staff and relationship to the Commanding Officer or head of the activity.
2. Comptroller Organization Chart. Include the total number of military and civilian personnel, authorized and on-board, planned by organizational structure: the rank, designator, and subspecialty code for military officers; the rate for enlisted; and the GS or demonstration project series and grade level for civilians.
3. Functional Description of the Comptroller Organization. Include organizational responsibilities and duties of the comptroller organization broken out by major functional area-- budget formulation, budget execution, managerial accounting, program analysis, and performance measurement, etc.
4. State where 31 U.S.C. 1517 command responsibility is assigned. If it is delegated, provide copy of letter of delegation.
5. Copies of comptroller and/or deputy comptroller military orders and/or civilian position descriptions. These documents must reflect the dual reporting relationship to ASN(FM&C) as required for positions identified in paragraph 4.o. of the basic instruction.
6. Identification of the selecting or hiring official for comptroller organization vacancies.
7. Identification of the reporting seniors and reviewing official(s) for comptroller/deputy comptroller fitness reports and/or performance forms.
8. Copy of, or description of, internal controls established for financial management within the organization.

Enclosure (1)